

Appeal of: MAHLE, INC. )  
 Map 18, Control Map 18, Parcel 125, S.I. 000 ) Hamblen County  
 Industrial Property )  
**Tax Years 2006 – 2007** )



depreciate the buildings. In his appraisal, Mr. Britton states that he depreciated each building, whereas Mr. McQuown depreciated the "building total lump sum". Mr. Britton also stated that the comparables used by the taxpayer are older than the subject property. After summarizing some of the material in his appraisal report, Mr. Britton stated that, from the comparables, he concluded the reasonable value to be thirty-five dollars (\$35) per square foot.

During the hearing, it was noted that an appeal was also filed for tax year 2007. There was no objection to tax year 2007 being included in the proceedings. It was pointed out by this Commission that, if combined and deliberated upon, the parties may do one of the following: (a) request a reconsideration; or (b) request a reconsideration regarding tax year 2007 only. The testimony indicated that, due to an addition to the subject property, Mr. Britton made a 4200 square feet measurement adjustment subsequent to tax year 2006. This measurement adjustment would have an impact on values for tax year 2007.

On behalf of the taxpayer, Mr. McQuown stated that, after considering all three approaches to value (cost, income, and market), he determined that the market approach was the best approach regarding the subject property. Mr. McQuown pointed out that, unlike Mr. Britton's report, all of his comparables are manufacturing buildings, with three (3) of the seven (7) being automotive manufacturing buildings. He also stated that, unlike Mr. Britton's report, his report includes buildings in towns or areas that are similar to Morristown, e.g., Jackson, Tennessee. Mr. McQuown testified that he not only visited all of his comparables, but all of Mr. Britton's comparables as well.

Although at least two of the comparables used by both sides are the same, the taxpayer contends that the comparables in the appraisal report done by Mr. Britton represent distribution centers in suburban Nashville. This, according to the taxpayer, is a different market from the one in which the subject property is located. Therefore, the taxpayer argues, the values indicated by Mr. Britton would be higher.

Under questioning by Mr. Cantwell, Mr. McQuown testified regarding differences in the total square feet of the subject property. Previously, the taxpayer had stated that the total square feet was 460,920 square feet, which was later revised to reflect 486,893 square feet. At the hearing, Mr. McQuown stated it was concluded the amended size of the subject property was 502,493 square feet and that, based on the best sale of his comparables, the best price per square foot was approximately \$25.00. The resulting value was approximately \$12,562,000. The total square feet of the subject property determined by Mr. Britton was 511,289 square feet (or 507,089 square feet for tax year 2006).



Both appraisal reports cause some concerns for this Commission. While it was clear that the appraisal report done by Mr. Britton was very detailed, we are concerned about the fact that several of the comparables in his report were from the Middle Tennessee area rather than the Morristown area. However, we disagree with the taxpayer's contention that the Middle Tennessee comparables used by Mr. Britton have an advantage due to interstate access. As this Commission pointed out at the hearing, the subject property has close access to at least three interstates, including I-75, which provides access to any place in the country.

The per-square-foot range of the comparables in Mr. McQuown's report was too wide, i.e., from \$8 per square foot to \$28 per square foot. On the other hand, Mr. Britton "bracketed" the comparable sales in his report, i.e., some of the comparables were inferior to the subject property and some were superior, which resulted in the range not being too widespread.

The Commission finds that the Gallatin, Tennessee sale<sup>2</sup>, which both appraisers relied upon, is the most persuasive indication of value. Besides being chosen by both appraisers, this sale was not located in Nashville and, like the subject property, is used in automotive (parts) manufacturing. On the basis of this sale, we find the proper value of the subject property to be \$28 per square foot. Applying that value to the total square foot area in Mr. Britton's report yields a value of \$14.2 million for 2006 and \$14.3 million for 2007. The land value should remain at its current valuation.

### **ORDER**

By reason of the foregoing, it is ORDERED, that the following values and assessments be adopted:

#### **TAX YEAR 2006**

<u>Land Value</u>	<u>Improvement Value</u>	<u>Total Value</u>	<u>Assessment</u>
\$398,400	\$13,801,600	\$14,200,000	\$5,680,000

#### **TAX YEAR 2007**

<u>Land Value</u>	<u>Improvement Value</u>	<u>Total Value</u>	<u>Assessment</u>
\$398,400	\$13,901,600	\$14,300,000	\$5,720,000

This order is subject to:

1. **Reconsideration by the Commission**, in the Commission's discretion. Reconsideration must be requested in writing, stating specific grounds for relief and the request must be filed with the Executive Secretary of the State Board of Equalization with fifteen (15) days from the date of this order.

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<sup>2</sup>See Exhibit 1 (Comparable Sale II); Exhibit 2 (Comparable Sale IV).



2. **Review by the State Board of Equalization**, in the Board's discretion.

This review must be requested in writing, state specific grounds for relief, and be filed with the Executive Secretary of the State Board within fifteen (15) days from the date of this order.

3. **Review by the Chancery Court** of Davidson County or other venue as provided by law. A petition must be filed within sixty (60) days from the date of the official assessment certificate which will be issued when this matter has become final.

Requests for stay of effectiveness will not be accepted.

DATED: Jan. 22, 2008

Beth Ledbetter  
Presiding Member *WJF/pem.*

ATTEST:

Kelsi Jones  
Executive Secretary

cc: Dean McQuown, CMI, Sr. Consultant, National Bureau of Property Administration  
Frank Cantwell, Hamblen County Attorney  
Keith Ely, Hamblen County Assessor of Property

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